



Montgomery County Council

For Immediate Release

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Measure to raise \$115 million for schools over six years...

COUNCIL APPROVES HIKE IN RECORDATION TAX TO FUND SCHOOL CONSTRUCTION

The Montgomery County Council today unanimously approved an increase in the County's recordation tax to raise an additional \$16 million this year – and \$115 million over six years -- for badly needed school construction projects.

"More money for school construction is critical to ongoing Council initiatives to continue to reduce class size and expand all-day kindergarten," said Councilmember Michael Subin, sponsor of the legislation and chair of the Council's Education Committee. "This measure raises much-needed resources while making the recordation tax itself more progressive."

"Our kids are the big winners here," Subin added.

"If we are really committed to putting our kids' futures first, we've got to put our money where our mouth is," said Council President Steve Silverman. "Our schools are bursting at the seams and County families want action now."

The Council targeted the increased proceeds to carrying out the School Board's schedule of renovations, modernizations, and new school construction, as well as focused on constructing gyms for elementary schools built without them in the early 1990s and on critical technology needs for Montgomery College.

The legislation raises the County recordation tax from \$4.40 per \$1000 to \$6.90 per \$1000 while exempting the first \$50,000 in value for an owner-occupied residence. The measure would mean no increase in the recordation tax for purchasers of homes or townhouses of \$138,000 or less, which account for just under 20 percent of homes sold in the County. It increases the recordation tax paid on a \$300,000 home by \$405, on a \$500,000 home by \$909, and on a \$1 million home by \$ 2,155.

The recordation tax is paid on deeds of home purchases. The new rate and exemption would apply to transactions that occur on or after July 1, 2002.

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